

AMENDED IN ASSEMBLY APRIL 17, 2002

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2926**

**Introduced by Assembly Member Longville**

February 25, 2002

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*An act to amend Section 11265.1 of, and to add Section 18926 to, the Welfare and Institutions Code, relating to social services, and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2926, as amended, Longville. Food stamps: *CalWORKs*: eligibility.

Existing law provides for the California Work Opportunity and Responsibility to Kids (CalWORKs) program and other social services programs, under which each county provides cash assistance and other benefits to qualified low-income families and individuals.

~~Existing law establishes the Food Assistance Program for Legal Immigrants under which the department is required to enter into an agreement with the United States Department of Agriculture to use the existing federal Food Stamp Program coupons for the provision of benefits in place of food stamps to noncitizens who meet certain eligibility requirements.~~

Existing law provides for the Food Stamp Program, under which each county distributes food stamps allocated to this state by the federal government to eligible households, including, but not limited to, recipients of aid under the CalWORKs program and other low-income households.

This bill would require the State Department of Social Services to file a request for a federal waiver to allow counties to exercise the maximum flexibility under the federal Food Stamp Program to administer the Food Stamp Program, ~~and the CalWORKs program, and the Food Assistance Program for Legal Immigrants~~ to use a quarterly reporting system, as specified, pursuant to approval by the department.

*Existing law requires that the State Department of Social Services make an annual determination of eligibility of individuals for aid and benefits under the CalWORKs Program, and, in addition, requires the department to establish regulations consistent with federal law to implement a recipient monthly reporting system for use in determining monthly eligibility and the amount of the grant under the CalWORKs Program.*

*Existing law authorizes, for a specified period, Los Angeles County and up to 8 other counties to conduct an annual public assistance eligibility redetermination with a face-to-face interview with the recipient and make the redetermination according to specified guidelines, and requires each county to redetermine the eligibility of each recipient on a quarterly basis.*

*This bill would also authorize any county that implements the quarterly reporting system authorized by this bill to implement a quarterly reporting and prospective budgeting system, upon approval by the department.*

*This bill would require that changes in the level of benefits provided under the CalWORKs Program shall not be revised in those counties implementing the quarterly reporting and prospective budgeting system until the period for which the next quarterly report is required, unless voluntarily requested by the recipients. By extending the period during which recipients in participating counties may receive benefits under the CalWORKs Program, this bill would cause an increase in the continuously appropriated funds for those benefits, and would result in an appropriation.*

*This bill would provide for its implementation by all-county letters and emergency regulations.*

Vote: ~~majority~~ <sup>2/3</sup>. Appropriation: ~~no~~ yes. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. ~~(a)~~ The Legislature finds and declares all of the following:

~~(1)~~

(a) The federal Food Stamp Program and the Food Assistance Program for Legal Immigrants are essential components ~~is an~~ essential component in transitioning welfare recipients toward economic self-sufficiency and providing a safety net for vulnerable low-income populations, especially children of working parents.

~~(2)~~

(b) There is consensus at the national and state level that the Food Stamp Program is unnecessarily complex and difficult to administer. The federal General Accounting Office recently reported that eligibility determinations in the Food Stamp Program are cumbersome, wasteful, duplicative, and should be simplified.

~~(3)~~

(c) The current federal Undersecretary for Food, Nutrition and Consumer Services reports that the complexity of program rules may cause errors and deter participation among people eligible for benefits, particularly working families, and recommends that burdensome collection of information from beneficiaries should be limited to only those items that are necessary to ensure the program operates properly.

~~(4)~~

(d) While the federal Food Stamp Program benefits are wholly federally funded, the state has a 35-percent share of the cost of administering the program and counties assume a 15-percent share. To the degree that unnecessary complexities in administration are simplified, the state and counties will realize a more efficient and cost-effective program.

~~(5)~~

(e) The United States Department of Agriculture performs a rigorous quality control over the federal Food Stamp Program to determine fiscal sanctions for states with high error rates and, authorizes enhanced administrative funding for states with very low error rates. California is likely to face ~~an estimated two~~

1 ~~hundred million dollar (\$200,000,000) federal sanction~~ *federal*  
2 *sanctions* based on its high error rate.

3 ~~(6)~~

4 (f) California's high error rate is linked in large part to the  
5 unusually complex methods of monthly reporting and  
6 retrospective budgeting that the state uses to compute benefits.

7 ~~(7)~~

8 (g) The federal Food Stamp Program allows states to request a  
9 waiver to determine food stamp eligibility on a quarterly basis  
10 using prospective budgeting. States that utilize this waiver option  
11 have successfully reduced their error rates. Only eight states,  
12 including California, continue to use the error-prone monthly  
13 reporting system.

14 ~~(8)~~

15 (h) The federal Food Stamp Program requires the state, once it  
16 opts for either retrospective or prospective budgeting, to use the  
17 same budgeting methodology to determine eligibility under the  
18 state's program implementing the federal Temporary Assistance  
19 for Needy Families program, unless a federal waiver is obtained.

20 ~~(9)~~

21 (i) Since the majority of Food Stamp Program beneficiaries are  
22 also recipients of benefits under the CalWORKs program, use of  
23 the same simplified reporting and budgeting methodology for  
24 administering both programs is cost effective, reduces errors, and  
25 eliminates duplicative determination efforts.

26 ~~(10)~~

27 (j) States that utilize quarterly reporting with prospective  
28 budgeting not only reduce benefit errors but are successful in  
29 identifying fraud with no decline in the prosecution rate.

30 SEC. 2. *Section 11265.1 of the Welfare and Institutions Code*  
31 *is amended to read:*

32 11265.1. (a) ~~Except as provided in Section 11265.5, in~~ *In*  
33 addition to the requirement for the annual redetermination of  
34 eligibility, the department shall establish regulations consistent  
35 with federal law to implement a recipient monthly reporting  
36 system for use in determining monthly eligibility and the amount  
37 of the grant. ~~The~~

38 (b) *Notwithstanding subdivision (a) and Section 11450, the*  
39 *department may implement in pilot counties that are implementing*  
40 *Section 18926, a quarterly reporting or prospective budgeting*

1 system, or both, pursuant to guidelines established by the  
2 department. Each county participating in the pilot program shall  
3 submit an implementation plan to the department for approval  
4 prior to the implementation of the plan by the county.

5 (c) Each quarterly report shall provide information regarding  
6 only the current month's income for which the report is completed.  
7 Reporting shall be limited to only the eligibility events required  
8 under the federal Food Stamp Program and any change in the  
9 individual's status pursuant to Section 11251.3.

10 (d) Each participating county shall use the information  
11 concerning the report month's income obtained in the quarterly  
12 report to prospectively determine and budget for the next quarter's  
13 eligibility and benefits. Each participating county shall take into  
14 account the income already received by the family during the  
15 report month and any anticipated income the family and county are  
16 reasonably certain will be received by the family. If the amount of  
17 income or when the income will be received cannot be reasonably  
18 determined, that portion of the income of the family that cannot be  
19 reasonably determined shall not be counted by the county. Any  
20 other eligibility change that occurs following the prior quarterly  
21 report shall be reported in the current eligibility quarterly report  
22 and shall be used to determine eligibility and benefits in the  
23 following quarter.

24 (e) (1) The level of benefits shall not be reduced during the  
25 period between quarterly reports with respect to changes that  
26 occur after the preceding quarterly report until they are reported  
27 in the following quarterly report.

28 (2) The level of benefits shall be adjusted upon submission of  
29 a report of a change in circumstances by an eligible family that  
30 would result in an increase in benefits or when the household has  
31 voluntarily requested that the case be closed.

32 (3) Any submission of a report of a change or changes in a  
33 family's circumstances shall be voluntary.

34 (4) When an eligible family elects not to submit a report of  
35 changes in circumstances, no overpayment, underpayment, or  
36 error shall arise due to a change in circumstances between  
37 quarters when no adjustment is made until the next regular  
38 quarterly report.

1 (5) *Adjustments due to a change reported on the quarterly*  
2 *report shall applied only to benefits commencing with the quarter*  
3 *following the report.*

4 (6) *Benefits shall not be adjusted retroactively regardless of the*  
5 *date the change actually occurred.*

6 (7) *The timing of adjustments in aid and benefits shall conform*  
7 *to the rules that are applied in the federal Food Stamp Program.*

8 (f) *Each participating county shall develop a mechanism to*  
9 *receive information from adult recipients who are not*  
10 *participating in the welfare-to-work activities for the minimum*  
11 *number of hours required by Section 11322.8.*

12 (g) *If any recipient fails to submit a quarterly report, the*  
13 *participating county shall provide the recipient with a notice,*  
14 *pursuant to procedures adopted by the department, that the county*  
15 *will terminate the recipient's benefits. Prior to terminating a*  
16 *recipient's benefits, the participating county shall attempt to make*  
17 *personal contact with the recipient to remind the recipient that a*  
18 *completed report is due. If the county does not make personal*  
19 *contact, the county shall send a reminder notice to the recipient.*  
20 *Any notice of discontinuation of benefits shall be rescinded and aid*  
21 *shall be restored if the report is received by the first working day*  
22 *of the month for which aid is paid based on submission of the*  
23 *quarterly report.*

24 (h) *The department shall define what constitutes a complete*  
25 *report and shall specify the deadlines for submitting a complete*  
26 *report, as well as the consequences of, and good cause for, failure*  
27 *to submit a complete report. The department shall adopt fair and*  
28 *equitable regulations implementing the monthly reporting*  
29 *requirement.*

30 ~~(b) This section shall become inoperative on the date that the~~  
31 ~~director executes a declaration stating that Section 11265.2, as~~  
32 ~~added by the act adding this subdivision, is fully implemented~~  
33 ~~statewide, and shall be repealed on January 1 of the year following~~  
34 ~~the year in which it becomes inoperative.~~

35 SEC. 3. Section 18926 is added to the Welfare and Institutions  
36 Code, to read:

37 18926. (a) Notwithstanding ~~Section 11265.1 or~~ any other  
38 provision of law, the State Department of Social Services shall  
39 immediately ~~file a request for~~ request a federal waiver from the  
40 United States Department of Agriculture to allow counties, at the

option of the county, to ~~exercise~~ *participate in a pilot program to implement a quarterly and prospective budgeting system, exercising the maximum flexibility permitted under the federal Food Stamp Program to administer the federal Food Stamp Program, the Food Assistance Program for Legal Immigrants, and the CalWORKs program using quarterly reporting, a 12-month or 24-month certification period depending on beneficiary type, and prospective budgeting. The quarterly Stamp Program. The quarterly report shall provide information regarding only the income for the current month for which the report is completed, and reporting shall be limited to only the eligibility events required by federal regulations.*

~~(b) The level of benefits provided under those programs shall not be reduced during the period between quarterly reports, but shall be adjusted upon submission of a report of a change in circumstances by an eligible family or household. Submission of reports of changed income between quarterly reports shall be voluntary. When a household elects not to submit a report of changed income, no overpayment or error shall arise due to an increase or decrease in a family's income between quarters when no adjustment is made until the next regular quarterly report. The timing of adjustments in aid and benefits when interim change reports are submitted during the quarter shall conform to the rules that are applied in the federal Food Stamp Program. to information required under the federal waiver and federal law. The level of benefits shall not be reduced during the quarter, but shall be increased upon submission of a voluntary report of a change in circumstances by household.~~

~~(e)~~

*(b) Counties that exercise the option under this section shall submit to the department a plan of operation to convert their monthly reporting and retrospective budgeting system to the quarterly and prospective budgeting system. The plan of operation shall describe appropriate measures the county will undertake to promote fraud prevention at the time of benefit application and the annual recertification.*

~~(d) Given the magnitude of the pending federal Food Stamp Program sanctions and the urgency in realizing savings in program administrative costs, the department shall implement this section~~



~~through the issuance of all county letters, developed in consultation with the County Welfare Directors Association.~~

(c) Each participating county shall implement the plan within guidelines issued by the department. Each participating county shall implement the plan only upon approval of the department. Any county that exercises the option under this section may modify the existing monthly report form to meet the needs of prospective budgeting and fraud prevention activities.

SEC. 4. (a) Notwithstanding the rulemaking provisions of the Administrative Procedure Act, Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, until July 1, 2003, the State Department of Social Services shall implement this act through all-county letters or similar instructions from the Director of Social Services, which shall be developed in consultation with the County Welfare Directors Association and other interested stakeholders.

(b) The director shall adopt regulations to implement this act no later than July 1, 2003. Emergency regulations to implement this act may be adopted by the director in accordance with the rulemaking provisions of the Administrative Procedure Act. The initial adoption of emergency regulations and one readoption of the initial regulations shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health, safety, or general welfare. Initial emergency regulations and the first readoption of those emergency regulations shall be exempt from review by the Office of Administrative Law. The emergency regulations authorized by this section and one readoption of those emergency regulations shall be submitted to the Office of Administrative Law for filing with the Secretary of State and each shall remain in effect for no more than 180 days.